



MEMORANDUM

TO: Superintendents and School Business Officials

FROM: Lance V. Rhodes, Chief Financial Officer
Indiana Department of Education

DATE: September 17, 2010

SUBJECT: Communication from the United States Department of Education (USDOE)

With the influx of the unprecedented federal grant programs available through the American Reinvestment and Recovery Act comes highlighted scrutiny by the USDOE-OIG on business practices and procedures to guarantee that both the SEA and LEA's conform to the federal regulations and guidelines. Indiana was one of the first states audited for compliance.

Our continued diligence in this area is required to guard against any inappropriate use or managing of the funds.

With that, I would share with you this recent communication from Secretary Arnie Duncan:

September 7, 2010

Dear Chief State School Officers:

As you prepare for another school year, we want to provide you with some important information related to reporting fraud, waste, and abuse of funds from the U.S. Department of Education (Department). We know that 2010 has been particularly busy for everyone. Funds made available by the *American Recovery and Reinvestment Act* have provided an unprecedented opportunity to save jobs and advance reforms that improve student achievement. With this opportunity comes increased responsibility for all of us to conduct ourselves ethically and to mitigate the risk of waste, fraud, and abuse.

Like you, the Department, including the Office of Inspector General (OIG), works to ensure that education dollars reach intended recipients and serve intended purposes. We also work to ensure that these funds and programs funded by the Department are protected from fraud, waste, and abuse. As part of this important effort, we are providing several resources that describe fraud laws and how to report fraud at www.ed.gov/fraudprevention. Please distribute this information widely among your employees, subgrantees, and contractors.

The OIG identifies and investigates individuals and groups who may have committed fraud with education funds or with respect to Department-funded programs. Each week, criminals are prosecuted and convicted, and receive sentences that include significant prison terms and monetary penalties. Cases have included school or college officials making false statements regarding grant eligibility and performance; creating false documents to obtain grants for students who do not attend the school or are enrolled in ineligible programs; setting up shell companies to which education dollars are funneled; embezzling money from school accounts; using school accounts and credit cards to make purchases for personal purposes; and accepting bribes and kickbacks from contractors.

Please help us put a stop to these crimes. In addition to reading and distributing this information, report any suspicion of fraud, waste, or abuse to the OIG Special Agent in Charge in your geographic area. Contact information is available at the following Web site:
<http://www2.ed.gov/about/offices/list/oig/oigaddress.html>.

You also may contact the OIG by e-mailing oig.hotline@ed.gov; calling 1-800-MISUSED (1-800-647-8733); or writing to: Inspector General's Hotline, U.S. Department of Education, Office of Inspector General, 400 Maryland Avenue, SW, Washington, DC 20202-1500.

Thank you for your continued leadership and efforts on behalf of your students.

Sincerely,

/s/

Arne Duncan
Secretary of Education

/s/

Kathleen S. Tighe
Inspector General

cc: State Title I Directors
State Directors of Special Education
State Fiscal Stabilization Fund Contacts